



# City of Milwaukee

## Meeting Minutes

200 E. Wells Street  
Milwaukee, Wisconsin  
53202

### MILWAUKEE HOUSING TRUST FUND FINANCING MODELS SUBCOMMITTEE

**LEO RIES, CHAIR**

*Lucia Murtaugh, Vice-Chair*

*Heather Dummer Combs, Sup. Marina Dimitrijevic, Rocky Marcoux, Robert Shelledy, Mike Soika*

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**Monday, May 8, 2006**

**2:00 PM**

**Room 301-B, City Hall**

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*Meeting convened: 2:06 P.M.*

#### **1. Roll call**

*Members present: Lucia Murtaugh, Heather Dummer Combs, Marina Dimitrijevic, Una Van Duvall (rep. for Rocky Marcoux), Robert Shelledy, Mike Soika and Leo Ries*  
*Members excused: none*

*Also present: Craig Kammholtz and Richard Li - Comptroller's Office, Dennis Yaccarino and Jennifer Meyers - Budget Office, Marianne Walsh, Jeff Osterman and Emma Stamps - Legislative Reference Bureau, Gary Werra - Community Block Grant Office, Tom Gartner - City Attorney's Office, Stephen Adams - Community Development Management Partnerships, Marne Stuck - Greater Milwaukee Association of Realtors and Glenn Bolton - Milwaukee County staff*

#### **2. Approval of the minutes of the April 24th meeting**

*Mr. Soika moved, seconded by Ms. Van Duvall, for approval of the minutes. There were no objections.*

#### **3. Discussion and reports related to proposed funding sources**

*Mr. Ries said that at the last meeting of the Milwaukee Local Initiatives Support Corporation (LISC) Local Advisory Committee meeting, members were not supportive of increasing parking fees and were more supportive of using retired tax incremental district funds. The members strongly supported the creation of a housing trust fund and would have it broadened to the 80%-120% income group. He took notes of comments from various members and provided that information to the Subcommittee (Exhibit 1)*

*Sup. Dimitrijevic said that the county was pretty angry about trying to change the state budget to have the city, rather than the county, receive the real estate transfer fee. She feels that this can be a conversation as opposed to being debated. Mr. Shelledy noted that the use of a real estate transfer fee could be used across the entire state, rather than just a local solution. Ald. Murphy will meet with Antonio Riley, Director, of the Wisconsin Housing and Economic Development Authority to discuss this change state-wide in order to fund housing trust funds across the state. There is a state-wide housing fund created in the 1980s by the Homeless Coalition in Milwaukee that uses interest generated by escrow funds held as a result of home purchases.*

*Ms. Van Duvall had provided members with information on development of property within the city (Exhibit 2)*

*Mr. Gartner noted that the ordinance would have to be amended to change the parking fees from going to a parking fund to a housing trust fund with a state change needed for changes to tax incremental financing (TIF) law. The city could not create a city-wide TIF nor a "swiss cheese" TIF (non-connecting areas of TIFs throughout the city). He feels that changes would need to be made to the state law which would allow the city to designate boundaries for a TIF and the use of increments in that same boundary area. Linkage fees might be possible as well if a change were made in state law. Impact fees need to be related to the development of public services that need to be provided as a result of that development, i.e. a coordination of the new development, such as a housing development, and a resultant public need, such as more schools.*

*Mike Daun, Deputy Comptroller, participated in the meeting, through speaker phone. State law requires that any borrowing must be for a public purpose, which can be quite liberal. There's a long list of purposes which avoid a referendum, including about 4-5 housing-related purposes. Mr. Daun noted that a Council resolution should be adopted for the use of retired TIF funds because those funds are no longer TIF funds once the district is retired, so it would be a matter of setting aside that amount of funds from the general revenue each year. Mr. Daun noted that in the first year it would be more accurate to calculate the increment as being half of the usual increment, with the full increment being generated in the second and third year. This amount would be subject to the revenue cap if the city needed to make up for the use of those funds being removed from the general fund, but those funds might also be calculated as "new revenue" and therefore not subject to the revenue cap. Mr. Daun said that the Council could begin the change with any or all TIF districts as they close each year. Mr. Daun noted that the Council is retiring, not extending, these funds and is merely appropriating the increment amounts for 3 years to allocate to the housing trust fund. Mr. Gartner noted that to extend a TIF would require a change in state law, but not to merely allocate incremental amounts from the general fund to a housing trust fund. Sup. Dimitrijevic also noted that the City could borrow those funds, using the retired TIF district increments as collateral.*

*Ms. Walsh asked about the use of linkage fees on private development on private property versus private development on public property. Mr. Gartner really sees no distinction between an "impact fee" and a "linkage fee". Mr. Gartner explained that city proceeds from the sale of land could be applied to a housing trust fund.*

*The memo provided by Ms. Dorinda Floyd, from the Department of Public Works, does not support increasing the parking fee (Exhibit 3)*

#### **4. Creation and approval of final recommendations for submission to the Milwaukee Housing Trust Fund Task Force**

*Recommendations:*

*The goal should be to have available \$5 million annually. There were no objections.*

*Mr. Soika moved that 1/3 of the the Potawatomi's future expected increase in payments to the city above the minimally contracted amount of \$3.38 million or 1.5% of the net proceeds, or \$1 million, whichever is greater, go to the Fund. There were no objections.*

*Mr. Soika moved for the use of retired tax incremental financing district increment amounts for a period of 4 years, coming from general revenue. Ald. Murphy noted that this will be a tough political sell as it will be a matter of laying off city employees or a housing trust fund. There were 2 objections (Ms. Van Duvall and Mr. Ries).*

*Mr. Soika moved for using 80% of the proceeds from city lands sales. There were 2 objections (Ms. Van Duvall and Mr. Ries).*

*Mr. Soika moved for raising the city parking fee to the average for the geographic area and that the increased revenue be allocated to the housing trust fund. There were 3 objections. (Mr. Shelledy, Ms. Van Duvall and Mr. Ries).*

*Changes in state law needed:*

*Extension of the TIF districts for use by the housing trust fund outside of the TIF area. There were no objections.*

*Mr. Ries moved for a linkage fee ranging from 10-30 basis points per foot of construction on all new construction. There were no objections.*

*Mr. Ries moved for a 50% state tax credit for any donation to the housing trust fund. There were no objections.*

*Mr. Soika moved to enact state legislation to allow cities and counties to levy taxes only for creation and maintenance of a housing trust fund. It is assumed that these new revenues would be exempt from the state revenue cap. There were no objections.*

*Mr. Soika moved to retain 25% of the real estate transfer fee locally (rather than the current 20%), with the additional 5% being used for a housing trust fund. The real estate transfer fee amounts would not change, but the allocations would. Sup. Dimitrijevic noted that all 72 counties opposed shifting of these funds, but if these funds were to be shifted, they should be used to fund state mandates.*

*Mr. Shelledy moved for 2 separate motions - one related to the 25% and one to increase the real estate transfer fee to go to the county.*

*Mr. Kammholtz noted that currently a Limited Liability Corporation (LLC) purchasing a property is exempt from paying a real estate transfer fee.*

*The Subcommittee voted to change the local share from 20% to 25%. There was one objection (Sup. Dimitrijevic)*

*The Subcommittee voted to increase the transfer fee itself statewide from the current \$3 to \$4 per \$1,000, with the increase being dedicated to a housing trust fund. There was one objection (Sup. Dimitrijevic)*

*The Subcommittee voted to eliminate the exemption from payment of the real estate transfer fee if the purchaser is an LLC. There were no objections.*

*Mr. Ries moved the city issue \$5 million in general obligation bonding, which would be a one-time commitment, as the city works on getting changes made in state law to obtain a permanent funding source. The bonds will be used for permissible uses under the statutes and be repaid over a 15-year period. Mr. Soika was concerned that changes*

*may not be made in state law and the fund may only exist for one year, with debt carried over a 15-year period. Ald. Murphy said that the city is coming up against its borrowing limit and has told the Milwaukee Public Schools that the city will no longer borrow for it. Mr. Ries noted that this would be the first time the city has used its funds, rather than federal funds, for housing. Ms. Dummer Combs noted that it might take more than one year to change state legislation to fund the trust fund. There were 3 objections (Ms. Dummer Combs, Mr. Soika and Ms. Van Duvall).*

*Ald. Murphy noted that any recommendations that increases city debt or take funds from the general city fund will be a tough political sale.*

*Meeting adjourned: 3:44 P.M.*

*Linda M. Elmer*

*Staff Assistant*